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# EXECUTIVE SUMMARY

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This is the nineteenth Semiannual Report to the Congress summarizing the activities and accomplishments of the National Archives and Records Administration (NARA) Office of Inspector General (OIG). The highlights of our major functions are summarized below.

- ◆ **Audits:** We finalized and reported on NARA's FY 1997 system of internal controls. Additionally, we issued a separate report on NARA's contract monitoring process. We also assessed and reported on the fairness of an internal reimbursement calculation. As requested by the Peer Review Committee of the Executive Council on Integrity and Efficiency, we conducted and reported on a peer review of the Peace Corps Office of Inspector General.
- ◆ **Investigations:** We began this reporting period with 28 open investigations, initiated an additional 11 investigations, and closed 30 cases. We have focused our efforts on confirming the validity of workers' compensation claims that have been awarded to former NARA employees who incurred on-the-job injuries. Because our investigations established that some of these injuries were fraudulent, we were able to stop monthly benefit payments and save NARA a substantial amount of money. We also investigated and substantiated an allegation from a contractor whistleblower that he had experienced reprisal from his employer. Additionally, we investigated calls made by a contract employee to a 700 telephone number. As a result of our investigation, the employee made restitution. Finally, we notified the Department of Veterans Affairs Office of Inspector General that certain veterans' benefit programs may be vulnerable to fraud, as we had learned of an individual who had represented himself as a NARA manager and was attempting to find a vendor willing to reproduce the NARA seal. The NARA seal has indirect value because it can be used to certify as authentic records needed to substantiate a claim for benefits.
- ◆ **Management Assistance:** As requested by the Archivist, we evaluated the management controls in place over the shipments of permanent records and artifacts. He wanted to be sure that historical documents and artifacts are properly safeguarded and can be accounted for when being transported in and out of NARA facilities. Following the evaluation, we provided NARA's Leadership Team with a briefing on the controls, then followed that briefing with a written report. Management took immediate action as a result of our evaluation.

# INTRODUCTION

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## ABOUT THE NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

### Mission

The National Archives and Records Administration (NARA) ensures, for the Citizen and the Public Servant, for the President and the Congress and the Courts, ready access to essential evidence.

### Background

NARA, by preserving the Nation's documentary history, serves as a public trust on which our democracy depends. It enables citizens to inspect for themselves the record of what the government has done. It enables officials and agencies to review their actions and helps citizens hold them accountable. It ensures continuing access to essential evidence that documents the rights of American citizens, the actions of federal officials, and the national experience.

Federal records reflect and document America's development over more than 200 years and are great in number, diverse in character, and rich in information. These holdings include more than 4 billion pages of textual materials; over 112,000 reels of motion picture film; over 4 million maps, charts, and architectural drawings; over 200,000 sound and video recordings; over 9 million aerial photographs and nearly 7 million still pictures; and over 14,000 electronic files from more than 100 agencies and bureaus.

In addition, NARA involves millions of people in its public programs, which include exhibitions, tours, educational programs, film series, and genealogical workshops. NARA publishes the *Federal Register* and other legal and reference documents that form a vital link between the Federal Government and those affected by its regulations and actions. Through the National Historical Publications and Records Commission, NARA helps to preserve and publish non-Federal historical documents that also constitute an important part of our national heritage. NARA also administers ten Presidential libraries and the Nixon Presidential Materials Staff, which preserve the papers and other historical materials of all the past presidents since Hoover.

### Resources

In fiscal year 1998, NARA was appropriated an annual budget of approximately \$205 million and Full-Time Equivalents (FTE) of 1,875. The \$205 million included appropriations for operations, repairs and restoration of facilities, grants, reimbursable services, a gift fund, and a trust fund. NARA operations are spread throughout the United States, including the ten Presidential libraries mentioned above and eighteen regional records services facilities.

# INTRODUCTION

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## ABOUT THE OFFICE OF INSPECTOR GENERAL

### The OIG Mission

The OIG's mission is to help NARA ensure ready access to essential evidence by providing high quality, objective audits and investigations, and serving as an independent internal advocate for economy, efficiency, and effectiveness.

### Background

The Inspector General Act of 1978, as amended, established the OIG's independent role and general responsibilities. The Inspector General reports to both the Archivist and the Congress. The OIG evaluates NARA performance, makes recommendations for improvements, and follows up to ensure economical, efficient, and effective operations and compliance with laws, policies, and regulations. In particular, the OIG

- Assesses the effectiveness, efficiency, and economy of NARA programs and operations;
- Recommends improvements in policies and procedures to enhance operations and correct deficiencies;
- Recommends cost savings through greater efficiency and economy of operations, alternative use of resources, and collection actions; and
- Investigates and recommends legal and/or management actions to correct fraud, waste, abuse, or mismanagement.

### Resources

The fiscal year 1998 OIG budget is approximately \$1.2 million for operations. The OIG has 13 FTE. In addition to the Inspector General and support staff, seven of these FTE are devoted to audits, and three to investigations. The OIG has a part-time Counsel to the Inspector General who provides internal legal guidance.

At the end of this semiannual reporting period, there were two vacant audit positions in the OIG and one vacant investigative position.

# **OFFICE OF INSPECTOR GENERAL ACTIVITIES**

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## **Involvement in the Inspector General Community**

### **Amendments to the Inspector General Act**

The Inspector General attended Senate hearings on the 20th Anniversary of the Inspector General Act (the Act). Prior to the hearings, the Inspector General met with Senate staff on Senate Bill 2167, a bill that proposes amendments to the Act. In these meetings she expressed her views of NARA issues and of the Designated Federal Entity (DFE) Inspectors General on the consolidation of some offices.

### **Government Auditing Standards**

The Inspector General, as a representative of the DFE Inspectors General, met with the General Accounting Office on revisions to Government Auditing Standards pertaining to independence. She also attended a meeting of the Advisory Council on Government Auditing Standards where these revisions were discussed.

### **Tennessee Valley Authority Office of the Inspector General**

The Office of the Inspector General met with representatives of the Tennessee Valley Authority Office of Inspector General in order to determine whether software used to manage that office would also meet our needs. Steps have been taken to purchase the needed services directly from TVA rather than to retain a contractor to design and maintain a system for our office.

## **Review of Proposed Legislation and Regulations**

The OIG did not comment on any changes to proposed legislation and regulations during this period.

# OFFICE OF INSPECTOR GENERAL

## ACTIVITIES

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### Other Activities

#### OIG Strategic Plan

During this reporting period, we met at an off-site conference center to revise our strategic plan so that it would more closely reflect the mission and goals of NARA. We retained a Central Michigan University professor with expertise in Government Performance and Results Act matters to guide and assist us in this process. Our revised strategic plan is nearing completion and will be issued soon.

#### Diversity Training

The Office of the Inspector General participated in NARA's first diversity training seminar. Because this was the first time NARA had given the training, we provided feedback on the instructional material and presentation.

#### Outreach Presentations

- The Inspector General presented an overview of the role of the Inspector General at a Presidential Library Facility Managers meeting.
- The Inspector General gave a presentation at the Administrative Officer's Conference in Kansas City about management controls and fraud prevention in the regional offices.
- The IG also attended the Regional Administrator's Conference in St. Louis and discussed current OIG projects that will have an impact on regional operations.
- Several members of the Office of the Inspector General traveled to St. Louis and spoke about the mission and role of the Inspector General's Office and on fraud prevention in the regional facilities. They also toured NARA's National Personnel Records Center.

#### OIG Web Site

The OIG provides assistance to NARA by maintaining a web site that includes the OIG Strategic Plan, the Audit Plan, and Hotline information.

# AUDITS

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## Overview

We began two reviews of agency operations and issued four final reports and seven management letters. In addition, we continued work on a review of NARA's personal property management system.

## Audit Summaries

### **Review of Management Control Program for Fiscal Year 1997**

We did not find any material weaknesses in NARA's Management Control Program for fiscal year 1997. We found, however, that the NARA offices we reviewed did not fully report significant program deficiencies, track the implementation status of all evaluation recommendations, nor report the status of all the recommendations in their assurance statements to the Archivist. Further, most of the reviewed offices were late in submitting their assurance statements to the Archivist, and only one of the five offices we sampled maintained a management control evaluation file. We recommended, and the Archivist concurred, that the management control liaisons needed additional training to assist them in appropriately preparing and supporting the assurance statements of their offices. This training has been completed.

### **Peer Review of Peace Corps OIG**

As requested by the Peer Review Committee of the Executive Council on Integrity and Efficiency (ECIE), we concluded an external quality control review of the Peace Corps Office of Inspector General audit operations. We had two objectives in performing this review. First,

we wanted to determine whether the Peace Corps OIG internal quality control system was adequate, in place, and operating effectively. Second, we wanted to ascertain whether established policies, procedures, and applicable auditing standards were being followed by the Peace Corps OIG in its audit work. We found that the Peace Corps OIG internal quality control system was generally adequate; however, we made some suggestions for improvements.

## AUDITS

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### **Review of Contract Monitoring**

The overall objective of this review was to evaluate the effectiveness of NARA's contract monitoring process. We found several weaknesses. In review of an audit services contract, we found that the contractor did not deliver all required documentation, did not submit project management status reports, and did not hold status meetings with NARA officials to discuss project progress. Also, we found that the NARA IG did not ensure that the contractor's effort complied with the GAO *Government Auditing Standards*. In review of a food services contract, we found that the contractor did not maintain a required inspection system or a drug-free awareness program; did not provide the required hours of service specified in the contract; did not require its employees to obtain health certificates; did not furnish a required performance bond; did not have an employee training program; and did not conduct annual customer preference surveys. Another contract we reviewed appeared to be an improper "personal services" arrangement, and the contracting officer's technical representative was not effectively monitoring the contractor's performance. In all, we made



eight recommendations to address contract monitoring weaknesses. Some weaknesses we found during the review have been corrected as management has agreed to either take the recommended corrective action or alternative corrective action. Other recommendations are still outstanding, because management either did not agree or has not yet determined appropriate action to be taken.

# AUDITS

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## **Audit of Trust Fund Reimbursements to NARA Appropriations Accounts**

The objective of this review was to assess the fairness of an internal reimbursement calculation applied by NARA's Trust Fund to reimburse appropriated NARA program offices for Trust Fund work performed by their staffs. Prior to our review, NARA retained a public accounting firm to develop an Activity-Based Costing (ABC) product cost model to calculate this internal reimbursement. In developing the ABC product cost model, the contractor surveyed 70 NARA activities to determine how much time it takes for staff members to perform Trust Fund work. Because their answers varied so widely, conclusions could not be drawn about the fairness of the reimbursement calculation. Accordingly, we recommended that NARA task a staff member to monitor the current process for consistency. Additionally, we recommended that when the project cost accounting module of the new integrated financial management system (PEGASYS) becomes operational (currently scheduled for October 1, 2001), it be used by the Trust Fund to develop the fee schedules.

# INVESTIGATIONS

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## Overview

We began with 28 open investigations, initiated another 11 investigations, and closed 30 cases. We are currently actively investigating 3 suspected false injury claims. We also investigated and substantiated an allegation that a contractor fired a contractor employee because he had contacted our office. In other work, we assisted NARA by commenting on proposed procedures used to assess the adequacy of management controls over Nixon Presidential materials. We also assisted NARA on records accountability issues.

## Workers' Compensation Investigations

We are continuing with an initiative to cut down on fraudulent workers' compensation claims. Because fraudulent workers' compensation claims cost NARA money, we are in the process of reviewing files dating back to 1981. During this review we found that some former NARA employees lied about sustaining on-the-job injuries and are receiving workers' compensation to which they are not entitled. For example, one investigation disclosed that a former NARA employee receiving workers' compensation was, in fact, working full-time for another employer. This individual had fraudulently collected \$99,337. As a result of our investigation, he is no longer receiving benefits and NARA has saved \$225,000 through cost avoidance.

In another case, a 29-year-old individual received \$883 in monthly compensation, over a 4-year period. An OIG inquiry resulted in his return to work in a light-duty status.

Within weeks of his return to work, he staged an on-the-job injury accident, which he claimed caused a recurrence of his originally claimed injury. Evidence developed during a subsequent investigation proved the claim to have been fraudulent. Assuming the individual will live to the age of

70, and that his claim had gone unchallenged, NARA would have paid out over \$400,000 in salary compensation alone. As a result of our investigation, his benefits were stopped.

### The High Cost of Fraudulent Workers' Compensation Claims

The U.S. Department of Labor's Workers' Compensation program has been a financial lifeline to many workers who have received on-the-job injuries. Although Labor administers the Workers' Compensation program, it is NARA's responsibility to budget and pay for the benefits awarded. When a former employee files a claim, and that claim is approved, NARA is legally obligated to pay benefits. If the former employee was in his twenties or thirties at the time of the injury, and is permanently disabled, NARA may incur this cost for as long as 50 years. Since all workers' compensation claims are costly, confirming their validity through investigation is important.

# INVESTIGATIONS

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We continue to investigate other suspected false injury claims as well as publicize successful cases

in our employee newsletter, the *NARA Staff Bulletin*. We believe these announcements will serve as a deterrent to those considering abusing the program in the future.

### Hotline

The OIG Hotline provides a prompt, effective, and confidential channel for reporting fraud, waste, abuse, and mismanagement to the OIG. In addition to receiving telephone calls at a toll-free Hotline number and letters to the Hotline post office box, we also accept e-mail communication from either NARA's internal network or the Internet through the Hotline e-mail system.

Operational controls protect the identity of Hotline sources. OIG special agents promptly and carefully review calls, letters, and e-mail to the Hotline. We investigate allegations of suspected criminal activity or civil fraud, and conduct preliminary inquiries on non-criminal matters, to determine the proper disposition. Where appropriate, referrals are made to the OIG Audit Staff or to NARA management.

The following table summarizes Hotline activity for this reporting period:

Cases Opened*	2
Cases Referred Outside of the OIG	2 6
No Action Necessary	9 9
<b>Total Hotline Contacts</b>	<b>1 2 7</b>

\* Cases included in investigative workload statistics.

# INVESTIGATIONS

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## INVESTIGATIVE CASE SUMMARIES

### **Whistleblower Reprisals**

A security technician employed by a contractor at Archives II found that his job had been eliminated after he contacted the Office of the Inspector General to report that his employer had violated certain copyright laws. Our investigation disclosed that copyright infringement had occurred and that the contractor had cautioned employees not to contact our office. After reviewing our report of investigation, the Archivist of the United States found that reprisal had occurred and ordered corrective action.

### **Theft of Telephone Services**

Over several months a contract employee working at Archives I charged numerous 700-line calls to NARA telephones. NARA was subsequently billed for these calls. The contract employee admitted making the calls and made full restitution in the amount of \$5,167. The Department of Justice declined criminal prosecution.

# INVESTIGATIONS

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## **Mail Fraud**

A vendor reported that he had been contacted through the U.S. mail by an individual representing himself as a NARA manager. The vendor stated that the individual had asked him to reproduce an embossing stamp of the NARA Seal. The NARA Seal has an indirect monetary value because it can be used to certify veterans' records. The Department of Veterans Affairs uses certified veterans' records as a part of its process in determining eligibility for benefits. Postal Service investigators presented the case to the Department of Justice, but prosecution was declined. Although the vendor refused to reproduce the embossing stamp, we have notified the Inspector General for Veterans Affairs of the potential for fraud.

## **Criminal Computer Trespass**

A former computer systems administrator gained unauthorized access to a government computer at a Regional Records Center. She used the computer to send an e-mail message from a Regional Records Center to the Archivist. Initially, she gave a false statement to an OIG investigator when she said that she did not send and did not know who sent the e-mail. In addition, there is circumstantial evidence, that she intentionally, without authorization, accessed the e-mail account of her supervisor and sent an unauthorized electronic message to a subordinate employee. The Department of Justice declined prosecution. Administrative disciplinary action is pending.

# INVESTIGATIONS

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## **Missing Records**

At the request of the Archivist we investigated the facts and circumstances surrounding missing 100-year-old U.S. Army Corps of Engineers records at the Gerald R. Ford Museum. Although title to the records was held by a private citizen, the records had been in the temporary custody of the Gerald R. Ford Museum. Temporary custody was maintained while NARA staff and attorneys made the determination as to whether title to the records should rest with the Federal Government. Due to the lack of accountability, we did not find the records. However, our report served as the basis for a request from the Archivist that the OIG undertake a NARA-wide evaluation of management controls over the transportation of records and artifacts. The results of this evaluation are contained on page 15.

# MANAGEMENT ASSISTANCE

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## **Nixon Presidential Materials**

The Assistant Inspector General for Investigations received a request to review the destruction procedures for the Nixon Presidential Materials categorized as personal and private "G" material and subject to the Federal Circuit Court Order. Our review focused on procedures after the "G" material is placed into a burn bag. Although "G" material is not classified, we believe it is highly sensitive. Management accepted our recommendations.

## **Evaluation of NARA's Physical and Recordkeeping Controls over Outgoing Shipments of Permanent Records and Artifacts**

NARA ships permanent records and artifacts to other agencies, museums, and contractors, and between NARA offices and facilities. The objective of this evaluation, which was requested by the Archivist, was to determine whether existing management controls provide reasonable assurance that permanent records and artifacts are safeguarded and can be accounted for during transportation. In performing this evaluation we visited and reviewed the process at selected offices at Archives I and II, as well as at several regional records services facilities and Presidential libraries. At the conclusion of the evaluation we recommended certain actions that would further strengthen existing management controls over the transportation process. Management has agreed to implement all recommendations.

## **Review and Comment on Proposed NARA Procedure-Admin. 201, Chapter 4**

# MANAGEMENT ASSISTANCE

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## **General Services Administration**

The Office of the Inspector General met with GSA representatives who are currently designing a new automated accounting system. NARA purchases automated accounting services from GSA through a cross-servicing agreement and will be relying on the new system for all of its accounting needs.

## **NARA Strategic Plan Tracking System**

The Office of the Inspector General met with the NARA contractor who is responsible for designing an automated system to track NARA's progress on its strategic plan. The contractor explained the process he is using to design the system and the documentation that will be available to us when we review the integrity of reports generated by the system.

## **Records Center Reimbursable Project**

The Office of the Inspector General participated in meetings of NARA's Records Center Reimbursable Project team. The team is preparing to implement a revolving fund at NARA on October 1, 1999. The Inspector General presented an overview of federal guidelines that must be followed when the revolving fund is implemented. The Office of the Inspector General also met with NARA's budget examiner to discuss the FY2000 implementation of the revolving fund at NARA.

## **Order Fulfillment System**

The Inspector General participated in software demonstrations to procure a new order fulfillment system.

# REPORTING REQUIREMENTS

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MANDATED BY

THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED

<b><u>REQUIREMENT</u></b>	<b><u>SUBJECT</u></b>	<b><u>PAGES</u></b>
Section 4(a)(2)	Review of legislation and regulations	5
Section 5(a)(1)	Significant problems, abuses, and deficiencies	7-14
Section 5(a)(2)	Significant recommendations for corrective action	7-9
Section 5(a)(3)	Prior significant recommendations unimplemented	23
Section 5(a)(4)	Summary of prosecutorial referrals	19
Section 5(a)(5)	Information or assistance refused	23
Section 5(a)(6)	List of reports issued	20
Section 5(a)(7)	Summaries of significant reports	7-9
Section 5(a)(8)	Audit Reports-Questioned costs	21
Section 5(a)(9)	Audit Reports-Funds put to better use	22
Section 5(a)(10)	Prior audit reports unresolved	23
Section 5(a)(11)	Significant revised management decisions	23
Section 5(a)(12)	Significant management decisions with which the OIG disagreed	23

# REPORTING REQUIREMENTS

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## STATISTICAL SUMMARY OF INVESTIGATIONS

### Investigative Workload

<b>Value of Funds or Property Recovered</b>
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\$5,167
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# REPORTING REQUIREMENTS

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## Requirement 5(a)(4)

### Summary of Prosecutorial Referrals

One formal referral of a criminal case was made this reporting period.

As reported in the investigative case summaries, an employee at a regional records services center gained access to a supervisor's computer and sent an unauthorized e-mail message. She also gave false statements to the OIG Investigator. The Assistant U.S. Attorney declined prosecution.

Additionally, a case involving mail fraud in an attempt to unlawfully obtain a NARA embossing stamp was declined for criminal prosecution, after being referred in a previous reporting period.

# REPORTING REQUIREMENTS

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Requirement 5(a)(6) <b>LIST OF REPORTS ISSUED</b>					
<b>Report No.</b>	<b>Title</b>	<b>Date</b>	<b>Questioned Cost</b>	<b>Unsupported Costs</b>	<b>Funds Put to Better Use</b>
9801	Review of NARA's Internal Controls Program for FY 1997	6/23/98	0	0	0
9802	Review of Contract Monitoring	8/13/98	\$7,572	0	0
9803	Peer Review of Peace Corps Office of Inspector General	8/3/98	0	0	0
9804	Audit of Trust Fund Reimbursements to NARA Appropriations	9/17/98	0	0	0

*See pages 7 through 9 for further details of these audits.*

# REPORTING REQUIREMENTS

<b>Requirement 5(a)(8)</b> <b>Audit Reports</b> <b>with questioned costs</b>			
Category	Number of Reports	DOLLAR VALUE	
		Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period	0	0	0
B. Which were issued during the reporting period	1	\$7,572	0
Subtotals (A + B)	1	\$7,572	0
C. For which a management decision has been made during the reporting period	1	\$7,572	0
(i) dollar value of disallowed cost	0	0	0
(ii) dollar value of costs not disallowed	1	\$7,572	0
D. For which no management decision has been made by the end of the reporting period	0	0	0
E. Reports for which no management decision was made within 6 months	0	0	0

# REPORTING REQUIREMENTS

<b>Requirement 5(a)(9)</b> <b>AUDIT REPORTS</b> <b>WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE</b>		
<b>CATEGORY</b>	<b>NUMBER</b>	<b>DOLLAR VALUE</b>
A. For which no management decision has been made by the commencement of the reporting period	0	0
B. Which were issued during the reporting period	0	0
Subtotals (A + B)	0	0
C. For which a management decision has been made during the reporting period	0	0
(i) dollar value of recommendations that were agreed to by management	0	0
based on proposed management action	0	0
based on proposed legislative action	0	0
(ii) dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	0	0
E. Reports for which no management decision was made within 6 months of issuance	0	0

# REPORTING REQUIREMENTS

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REQUIREMENT	CATEGORY	SUMMARY
5(a)(3)	Prior significant recommendations unimplemented	None
5(a)(5)	Information or assistance refused	None
5(a)(10)	Prior audit reports unresolved	None
5(a)(11)	Significant revised management decisions	None
5(a)(12)	Significant revised management decisions with which the OIG disagreed	None